

1956

Central Intelligence
Copy No. 10

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**EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON**

Del notes

October 11, 1956

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Policy Regarding Future Commitments for Foreign Assistance

REFERENCES: A. NSC Action No. 1550
B. Memo for NSC from Executive Secretary, same subject, dated May 8, 1956

The enclosed "Guidance for the Implementation of NSC Action 1550", dated October 5, 1956, developed by the Operations Coordinating Board in accordance with the President's directive of May 8, 1956 (NSC Action No. 1550-b) which was transmitted by the reference memorandum, is circulated herewith for the information of the National Security Council.

STAT

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Special Assistant to the President for Disarmament
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

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DATE Oct. 5, 1956

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OPERATIONS COORDINATING BOARD

Washington, D.C.

GUIDANCE FOR THE IMPLEMENTATION OF
NSC ACTION 1550

REFERENCE: NSC Action 1550-b, May 8, 1956.

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WARNING

This document contains information affecting the national defense of the United States, within the meaning of the espionage laws, Title 18, Sections 793 and 794, U.S.C., the transmission or revelations of which in any manner to an unauthorized person is prohibited by law.

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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

GUIDANCE FOR THE IMPLEMENTATION OF
NSC ACTION 1550

ACTION TAKEN BY THE OCB:

At its meeting of October 3, 1956, the Operations Coordinating Board:

1. Concurred in the attached paper as general guidance in the development by each agency concerned of appropriate internal instructions and procedures for the implementation of NSC Action 1550.
2. Agreed that the guidance for implementation of NSC Action 1550 will be reviewed by the OCB, with participation of the Bureau of the Budget, in approximately one year to determine, in the light of experience, whether changes may be required in the procedures set forth in this paper.
3. Agreed that future OCB progress reports will include pertinent information with respect to new commitments entered into during the reporting period.
4. Concurred in the referral of the attached paper to other agencies who may be affected by NSC Action 1550 for such use as may be deemed appropriate in the development of internal procedures and instructions.


Elmer B. Staats
Executive Officer

Attachment:

Subject paper dated 10/5/56

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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

October 5, 1956

GUIDANCE FOR THE IMPLEMENTATION OF

NSC ACTION 1550

PRESIDENTIAL DIRECTIVE

1. On May 8, 1956, the President approved NSC Action 1550 as follows:

"a. Noted the President's statement that no promises or commitments, involving future performance or future expenditures of U.S. funds for foreign assistance, should be made or implied except upon specific determination:

- (1) That such promises or commitments are in accordance with approved policy.
- (2) That either funds have been appropriated or authorized by the Congress--including such authority as may be granted for making long-term commitments--or, that there is Executive determination to seek such funds as may be required.
- (3) As to the extent to which the recipient country may be able to support the programs contemplated.
- (4) As to the probable time-span over which such assistance may have to be granted.

"b. Noted the President's directive that the Operations Coordinating Board, with the participation of the Bureau of the Budget, insure that there are effective procedures for making the specific determination called for by a. above."

PURPOSE

2. The purpose of the President's directive is to insure that the United States does not make commitments, express or implied, to furnish funds, goods or services to foreign governments* without:

* For the purpose of this paper the terms foreign government and foreign official shall include officials of any international organization or supra-national authority as well as of any foreign national government.

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- a. Appropriate governmental clearance;
- b. Satisfactory assurance that such commitments (1) can and will be met, and (2) do take into account the best interests of the U.S. in the use of its resources;
- c. A clear understanding with the recipient as to the nature, scope and time-span of the commitment.

DEFINITION OF COMMITMENT

3. For the purpose of this paper a commitment is defined as any communication between a responsible United States official and a responsible foreign official* which could reasonably be interpreted as being a promise that the United States will provide a foreign government* with funds, goods, or services.

APPLICATION

4. a. The determinations required by NSC Action 1550 shall be made prior to all future promises or commitments, express or implied, including extensions or material changes in existing commitments.

b. Except for that portion of the requirements contained in paragraph 11 b. below, which relates to future fiscal years, no new, separate or formal documentation or procedure is required to make the determinations called for by NSC Action 1550.

5. The President's Directive does not prohibit

- a. the formulation of plans for future programs;
- b. nor those discussions with foreign governments which are necessary to such forward planning; provided, however, that in such cases the U.S. officials shall make plain to the foreign governments that such discussions do not constitute or imply a commitment on the part of the U.S.

IMPLEMENTATION

6. Existing interdepartmental coordinating arrangements will be used in carrying out the President's directive.

7. a. Each department or agency has responsibility for carrying out this directive and shall establish:

* For the purpose of this paper the terms foreign government and foreign official shall include officials of any international organization or supra-national authority as well as of any foreign national government.

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(1) Appropriate internal procedures, including official notification to its personnel for insuring that discussions with foreign officials do not get to the point of a commitment until the determinations called for by NSC Action 1550 have in fact been made. Such procedures shall be mutually consistent and consistent with the guidance provided herein. Instructions to the field for implementing these procedures shall be coordinated by affected departments and agencies prior to issuance.

(2) An internal system of reporting adequate to permit the ready determination of the status and cost of new or materially-changed commitments.

8. a. The department or agency which is sponsoring the new commitment shall be responsible for, and take the initiative in, assuring that the required determinations are made.

b. When any proposed commitment will necessitate subsequent action by, or affect the responsibilities of, any other department or official, the approval of such department or official shall be obtained prior to the making of such commitment.

9. The nature, size, scope and timing of the commitment should, to the greatest extent practicable, be written down within the United States Government and, when considered appropriate, should be furnished to the foreign government.

GENERAL POLICY GUIDELINES

Re Determination No. 1:

10. a. If a proposed commitment has not been included in an approved program, each department or agency, in determining whether the proposed commitment is in accord with approved policy, shall be guided by the appropriate national policy document, particularly National Security Council statements.

b. In those instances when national policy guidance is lacking or when there is doubt or disagreement regarding the approved interpretation of such policy guidance, e.g., the magnitude of programs contemplated, those officials responsible for the preparation of programs shall seek interdepartmental agreement at a level, and among those agencies, appropriate to the nature and scope of the proposed program or commitment.

c. Any significant proposed augmentation over the existing approved program shall require reexamination of existing policy as outlined in 10.a and 10.b above.

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Re Determination No. 2:

11. a. After it has been determined that funds have been appropriated by Congress, it must also be determined that Executive approval has been received with respect to the availability of such funds prior to the making of a commitment. This is particularly important in the case of transfer of funds between appropriations of the Mutual Security Act of 1954, as amended, or the use of the Special Presidential Fund. In the latter two cases the procedure in effect for Presidential determinations under Sections 401 and 501 of the Mutual Security Act of 1954, as amended, should continue to be followed in securing such prior approval.

b. In the event that a proposed commitment requires additional appropriations, either a supplemental or an appropriation for ensuing fiscal years, normal budget channels will be followed in obtaining prior Executive approval. The submission to the Bureau of the Budget in such cases shall include the determinations called for by NSC Action 1550*. After approval by the Executive, such commitments shall be regarded as a priority requirement for the budget in the years in which they apply.

Re Determinations Nos. 3 and 4:

12. a. Determinations 3 and 4 are of a different nature from determinations 1 and 2 in that they cannot be so positively or precisely made as numbers 1 and 2. For example, with regard to determination 3 it is not necessary to find that a recipient may be able to support the contemplated program out of its own resources before a commitment can be made.

b. The purpose served in making determinations numbers 3 and 4 is to bring to the attention of key U.S. officials (1) the probable impact on the recipient of the contemplated commitment, and (2) an indication of the time-span over which U.S. funds are being committed.

13. a. The determination regarding ability to support (no. 3) should include consideration of the recipient's political, economic and technical ability to support the contemplated commitment.

b. The determination as to time-span (no. 4) should include consideration of future demands or expectations which may be generated by the initial commitment.

* In such instances it is desirable for the submission to the Bureau of the Budget to include, to the extent possible, a statement of any offsetting adjustments in existing or future programs.

NSC ACTION 1550 - 3 May 1956

1550. POLICY REGARDING FUTURE COMMITMENTS FOR FOREIGN ASSISTANCE

- a. Noted the President's statement that no promises or commitments, involving future performance or future expenditures of US funds for foreign assistance, should be made or implied except upon specific determination:
- (1) That such promises or commitments are in accordance with approved policy.
 - (2) That either funds have been appropriated or authorized by the Congress - including such authority as may be granted for making long-term commitments -- or, that there is Executive determination to seek such funds as may be required.
 - (3) As to the extent to which the recipient country may be able to support the programs contemplated.
 - (4) As to the probable time-span over which such assistance may have to be granted.
- b. Noted the President's directive that the Operations Coordinating Board, with the participation of the Bureau of the Budget, insure that there are effective procedures for making the specific determination called for by a above.

NOTE: The above actions, as approved by the President, subsequently transmitted to all participating departments and agencies for the issuance of appropriate directives in accordance with a above; and referred to the Operations Coordinating Board, with the participation of the Bureau of the Budget, for implementation of b above.

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